

## **YOUNG AMERICANS AND THE PRESIDENT'S BUDGET: FISCALLY RECKLESS, MORALLY IRRESPONSIBLE, AND A FAILURE OF LEADERSHIP**

---

Democrats believe that on every issue our nation faces, it is our responsibility to ensure that the policies we pursue are consistent with the values we cherish. The Bush Administration's 2006 budget fails in every respect. It is fiscally reckless, adding trillions to the deficit over the next 10 years. It is morally irresponsible, slashing funding for key homeland security, veterans benefits, health care, and education programs. And the Bush Administration's failure to include details of its Social Security privatization proposal and the cost of the war in Iraq is a clear failure of leadership. Democrats are fighting to restore fiscal responsibility and hold those in power responsible for their actions. We are committed to upholding the key values that are the foundation of a strong and secure middle class: national security, prosperity, community, fairness, accountability and opportunity.

**Includes large tax cuts but fails to invest in creating new jobs.** The number-one issue for young Americans is finding a job. Despite three years of economic "recovery," the pace of job creation remains disappointing. Indeed, the current unemployment rate for individuals ages 16 to 19 is 17.5 percent. And yet the Bush budget contains no proposals to stimulate job creation. Instead, it squanders \$1.6 trillion over the next 10 years on tax breaks for those who do not need them, creating a long-term drag on economic growth.

**Imposes a growing "debt tax" on young Americans.** The Bush Administration's fiscally reckless policies have turned a \$5.6 trillion surplus into more than \$4 trillion in deficits over the next 10 years. By 2015, American families will pay an extra \$10,786 in interest on the national debt (or a "debt tax") – reducing consumer demand, raising interest rates, and making it harder for families to achieve financial security.

**Breaks promise to raise the maximum Pell Grant to \$5,100.** While campaigning in 2000, George W. Bush pledged to make college more affordable and accessible by increasing the maximum Pell Grant for college freshmen to \$5,100. And yet the President breaks his promise once again in this budget, only increasing the maximum Pell Grant by \$100 – from \$4,050 to \$4,150 – falling nearly \$1,000 short of his promise to students. President Bush is breaking this promise at a time when college tuition is rising rapidly.

**Eliminates Perkins Loans.** The Bush budget completely eliminates the Perkins Loan program. If this proposal is enacted, in 2006 alone, more than 670,000 student borrowers would lose out on loan forgiveness if they became teachers, law enforcement officers or if they serve in the military.

**Forces millions of low and middle-income students to pay thousands more for their college loans.** The Bush budget eliminates the current low fixed consolidation rate benefit. According to the nonpartisan Congressional Research Service (CRS), this change will force the typical student borrower to pay \$5,500 more for their college loans.

**Freezes work-study and supplemental college grants.** The Bush budget freezes funds for work-study and Supplemental Educational Opportunity Grants (SEOG), which provide aid to students with the most need.

**Eliminates the state college scholarship initiative (LEAP), and risks \$1 billion in non-federal Student Aid.** The Bush budget eliminates the \$66 million Leveraging Educational Assistance Partnerships (LEAP) initiative, which encourages states to establish college scholarships for college students. In 2001-2002, the federal investment in LEAP leveraged more than \$1 billion in matching state spending.

**Places student aid program operations at risk.** The Bush budget puts stable student aid administrative funds at risk by subjecting them to an annual appropriation. This proposed change would force administrative

funding to compete against Pell Grants and other higher education priorities for resources, and would jeopardize the ability of the Education Department to administer the student aid programs safely and soundly.

**Eliminates GEAR-UP, Upward Bound, and Talent Search.** The Bush budget completely eliminates the \$306 million GEAR-UP, \$313 million Upward Bound, and \$150 million Talent Search programs – which ensure that high-risk students succeed in high school and move on to college. As a result, about 1.3 million students – 70 percent of whom are minorities – will lose the support they need to make it to college.

**Undermines youth job training, by consolidating youth job training with other job training programs into a block grant.** Job training is a key issue for young people. And yet the Bush budget undermines youth job training, by eliminating the job training program targeted on youth. The budget consolidates adult job training, youth job training, dislocated worker job training, and Employment Services into a block grant and then cuts the funding for these programs by \$146 million.

**Fails to address the issue of the uninsured.** Today, there are 45 million Americans without health insurance and young Americans are the most likely group to be uninsured. Indeed, 30 percent of young adults aged 18 to 24 have no health insurance – compared with 18 percent of adults aged 35 to 44 and 1 percent of seniors. And yet the Bush budget provides no meaningful solutions – proposing only an inefficient tax credit that analysts estimate would cover less than 5 percent of the uninsured and Health Savings Accounts that mostly help the wealthy.

**Cuts funding for small business programs.** Many young adults in America are entrepreneurs – starting businesses of their own. The help that many businesses get from the Small Business Administration (SBA) can help entrepreneurs turn a new faltering small business into a success. And yet the Bush budget cuts funding for SBA by \$17 million below FY 2005 and \$164 million or 22 percent below FY 2004. The Bush budget once again includes the proposal it successfully rammed through Congress last year of providing no appropriations for the SBA's largest small business loan program (7(a) loans), running the program solely through fee increases, thereby substantially raising the cost for small businesses that use the program.

**Eliminates and slashes programs helping emerging industries and high-tech jobs of the future.** Many young Americans are interested in careers in emerging industries and in the high-tech jobs of the future. And yet the Bush budget proposes eliminating the Advanced Technology Program, which funds research in emerging technologies, and slashing the Manufacturing Extension Partnership program, which helps small manufacturers with new technologies and other issues, by nearly 60 percent. These two programs at the Department of Commerce support small and medium-sized firms bringing new ideas to market and help them adopt new, emerging technologies that allow companies to stay competitive.

**Cuts broadband assistance.** Young Americans recognize the importance of access to high-speed Internet access. And yet the Bush budget slashes broadband assistance guaranteed loans by \$190 million and completely eliminates broadband telecommunications grants.

**Slashes environmental protection programs.** A clean environment is a priority for young Americans. They recognize that Americans are only as healthy as the water we drink, the air we breathe, and the communities where we work and play. And yet the Bush budget slashes FY 2006 funding that is designed to protect public health and the environment by \$2.4 billion – or 8 percent. The budget also calls for drilling in the pristine Arctic National Wildlife Refuge and abandons the principle of “polluter pays” in toxic waste cleanups.

